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NOTES AND MEMORANDA

ORGANIZATION OF AMERICAN RAILROADS UNDER GOVERNMENT CONTROL

ON December 31, 1916, there were 2905 railroad companies in the United States, operating 185 major systems, 221 switching and terminal companies, 1434 plant facility roads, and 765 so-called "short line" railroads. A momentous era in the organization of the principal lines opened on December 26, 1917, when the President took control and placed under the authority of Director General McAdoo the roads considered an essential part of the transportation system of the nation. Since that time, many of the plant facility and short line railroads have been released from federal control. The roads retained are being operated as one system, a method impossible under laws governing the railroads when they were under private control.

Changes by which this new order has brought about, have been far-reaching in character, but have been put into effect with such consideration for existing organizations that there has been no confusion. Every change has been made with due regard to actual conditions and has been brought about to effect practical reforms rather than to carry out theoretical preconceptions. The results already achieved have proved that most of them were to the advantage of the railroad themselves, as well as to the shipping and traveling public.

The disadvantages of the competitive operation of the railroads, at least in war times, are self-evident. Take the question of the routing of freight and passengers alone. Where it was to the financial advantage of every road to carry as much traffic as possible, it was manifestly impossible to always haul freight by the shortest routes or to take advantage of the best

grades. In many cases, because of competition, passenger trains of competing roads, each frequently but partially filled, left the same point at the same time and arrived at the same destination at the same time, altho economy and efficiency of operation would naturally require that each train carry a full load and leave at a different time. The same is true of terminals and ticket offices. Plainly it is in the public welfare to have consolidated terminals and consolidated ticket offices wherever possible.

The first act of the Director General of Railroads, after taking control of the railroad systems of the United States under order of the President, was to issue instructions that all officers and employees should continue in the performance of their regular duties, reporting to the same offices as previously. The railroads were placed under federal control in the midst of unusually severe weather conditions, and the primary duty facing the Railroad Administration was to meet this situation. Until the severity of the winter abated every energy of the Railroad Administration was directed to the sole object of moving coal and other necessary war material.

On January 18 the Director General divided the country, from a railroad standpoint, into regions — namely, the Eastern, Southern, and Western Regions, placing an experienced railroad man in charge of each, and giving instructions that “orders issued by the gentlemen named in their capacity or Regional Directors, will be issued by authority of the Director General, and will be respected accordingly.” Since that time, and for the purpose of better administration, four additional regions have been added, and at the present time the railroad mileage of the country has been divided as follows:

1. The Eastern Region, A. H. Smith, Regional Director, New York, comprises the lines located chiefly in the New England States, in New York State, in the northwestern portion of Pennsylvania, and in Ohio, Indiana, and Michigan.

Some of the more important lines included in this region are the New York, New Haven and Hartford; the Boston and Maine; the Boston and Albany; the New York Central; the Nickel Plate, the West Shore, the Delaware and Hudson; the Lehigh Valley; the

Delaware, Lackawanna and Western; the Baltimore and Ohio west of Pittsburgh; the Pennsylvania west of Pittsburgh, and the Buffalo, Rochester and Pittsburgh.

2. The Allegheny Region, C. H. Markham, Regional Director, Philadelphia, comprises the lines located chiefly in the state of Pennsylvania, the northern part of West Virginia, and some of the lines traversing Maryland and New Jersey. It also includes the Long Island lines as an extension of the Pennsylvania road east of Pittsburgh.

Among the more important lines in this region are the Baltimore and Ohio, and the Pennsylvania lines east of the Ohio River; the Bessemer and Lake Erie; the Central of New Jersey; the New York, Philadelphia and Norfolk; the Philadelphia and Reading, and the Western Maryland.

3. The Pocahontas Region, N. D. Maher, Regional Director, Roanoke, Va., contains most of the east and west lines traversing Virginia and West Virginia and a certain portion of the mileage penetrating the coal fields of Kentucky and southern Ohio.

Among the more important lines in this region are the Chesapeake and Ohio east of Louisville, Columbus, and Cincinnati; the Norfolk and Western, and the Virginian, including the terminals of all railways at Norfolk, Portsmouth, and Newport News, Va., and the Norfolk and Portsmouth Belt lines.

4. The Southern Region, B. L. Winchell, Regional Director, Atlanta, Ga., includes most of the north and south lines, traversing the territory south of the Ohio and Potomac Rivers and east of the Mississippi River.

Among the more important lines in this region are the Atlantic Coast Line, the Seaboard Air Line, the Southern, the Norfolk Southern, the Louisville and Nashville, the Florida East Coast, the Central of Georgia, the Alabama Great Southern, and the Illinois Central lines south of Cairo, Ill.

5. The Northwestern Region, R. H. Aishton, Regional Director, Chicago, contains most of the mileage running west and northwest of Chicago and Kansas City to and toward the Pacific coast. Generally this mileage traverses northern Illinois, Wisconsin, Minnesota, northern Iowa, northern Nebraska, North and South Dakota, Wyoming, Montana, Oregon and Washington.

Among the more important lines included in the Northwestern region are the Chicago and Northwestern; Chicago, Milwaukee and St. Paul; the Chicago Great Western; the Great Northern; the Minneapolis and St. Louis; the Northern Pacific; the Minneapolis, St. Paul and Sault Ste. Marie; the Oregon-Washington Railroad and Navigation Company, and the Southern Pacific lines north of Ashland, Oregon.

6. The Central Western Region, Hale Holden, Regional Director, Chicago, comprises the lines running in a southwesterly direction from Chicago and Kansas City to and toward the Pacific coast. The mileage of this district traverses the states of Illinois, southern Iowa, northern Missouri, Kansas, Nebraska, Wyoming, southern Idaho, Colorado, New Mexico, Utah, Arizona, Nevada, and California.

Among the more important lines in the Central Western region are the Union Pacific; the Atchison, Topeka and Santa Fe; the Chicago, Rock Island and Pacific, excepting that portion of its lines that are included in the Southwestern District; the Chicago and Alton; Chicago and Eastern Illinois; the Chicago, Burlington and Quincy; Colorado and Southern; the Northwestern Pacific; the Oregon Short Line; the Southern Pacific lines west of El Paso and Ogden except north of Ashland, Oregon; the Western Pacific; and the El Paso and Southwestern.

7. The Southwestern Region, B. F. Bush, Regional Director, St. Louis, includes most of the lines south of the Missouri River running generally southwest and traversing the states of Missouri, Arkansas, Oklahoma, Texas, and Louisiana west of the Mississippi.

Among the more important lines in this region are the International and Great Northern; the Kansas City Southern; the Missouri Pacific System; the Missouri, Kansas and Texas; a certain portion of the Rock Island lines; the St. Louis and San Francisco; the Texas and Pacific; the Wabash lines from St. Louis to Kansas City and Omaha; the Gulf, Colorado and Santa Fe; the Fort Worth and Denver City; the Southern Pacific lines east of El Paso; and the Texas and New Orleans lines.

Under these Regional Directors have been appointed District Directors in charge of subdivisions of the Regional Districts.

In the division of the country into regions, little attention has been paid to state lines. The controlling idea has been to assemble under the management of one Regional Director the larger portion of the railroad mileage serving his territory. As a result of this arrangement, parts of several of the largest systems have been put in different regions. Since the regional division of the country and the allocation of lines and Federal Managers, there have been a few changes, once it has been decided that efficiency would be increased thereby. The system is in the process of evolution and probably there will be more changes later, altho, generally speaking, it seems likely that the present division is practical, and is achieving the desired results.

Until May 21, 1918, railroad corporations and the corporate officers were employed as the instrumentalities through which the Director General operated the properties. But at that time he decided to have operations conducted through agencies responsible exclusively to him, and therefore, the corporations were detached from any connection with operations, and the operations were put in charge of Federal Managers, and in the cases of smaller lines in charge of General Managers. Some of the officers of the corporations were requested to serve the government, and others were cut off the government payroll, altho most of those so cut off continue to serve the corporations with which they had been previously connected. Under the present system, every railroad officer in the country is without divided responsibility; all are responsible solely to the Director General. The wisdom of this course was shown when the time came to consummate contracts between the government and the railroad corporations. In that process the corporate officers were left free to represent their stockholders without any embarrassment to themselves or to the Railroad Administration. Those who accepted positions under the government had to sever all connection with the corporations. At the same time continued effort has been made to build up a spirit of coöperation between the Railroad Administration and these corporate officers representing the owners of the properties being operated by the government.

Thus the railroad organization under government control is seen to be a pyramid, with a great mass of railroad employees forming the base, the pyramid tapering up through the Federal and General Managers, then through the Regional Directors, and finally to the Director General who forms the apex of the pyramid.

Gathered about the Director General in Washington is a staff consisting of an Assistant Director General, Assistant to the Director General, a private secretary to the Director General, and Division heads having to do with the principal railroad activities. There is a Division of Finance and Purchases; a Division of Operation; a Division of Law; a Divi-

sion of Capital Expenditures; a Division of Labor; a Division of Traffic; a Division of Public Service and Accounting, and a Division of Inland Waterways, formed to manage the operation of canals, etc., included as a part of the transportation system of the nation. There is also a Railroad Administration Actuary, under whom is a Bureau for Suggestions and Complaints and other activities. The force of these divisions and of the Director General's immediate office has been kept at a minimum. The theory has been that the staff in Washington originates general policies and leaves their execution to the Regional Directors, the Federal and General Managers, and the regular officials and employees. Every effort has been made to weld these previously distinct organizations into a homogeneous whole, and this work has already progressed far.

It is not feasible to measure at this time the tangible results which these changes in organization have brought about. It is enough to say that already there have been intensive unifications of terminals and of stations; unnecessary passenger trains have been eliminated; there have been intensive reductions in organizations; a uniform freight classification has been adopted; competition as between systems and roads has been done away with, leading to many economies and simplifications; time tables have been made more simple; a universal mileage book for use on all lines under government control has been adopted; freight routes have been shortened, resulting in a development of well-graded routes for the transportation of freight, a reduction in the cost and time of transportation between many given points, and the intensive employment of both rolling stock and the equipment of the railroads; successful efforts have been made to produce better loading of freight cars and the more intensive use of railroad equipment generally.

A successful standardization of freight cars and locomotives has been brought about, thus simplifying the work of repair and making it more convenient for the equipment of one road to be used on all other roads. A supervision has been initiated and exercised from Washington over capital expenditures for improvements and betterments, so that the labor and material

supply, which is limited under war conditions, can be allocated where most needed and the railroad situation surveyed from a national standpoint rather than from that of the individual systems and lines. A uniform system of purchases has been instituted, leading to economy; the Pullman Company has been placed under the jurisdiction of a separate Federal Manager, and thus made an integral part of the Railroad Administration.

Effective coöperation has been built up between the Railroad Administration and other governmental agencies with an interest in transportation matters, with the result that efficiency has been increased in the transportation of troops and supplies needed, not only for our own army and the armies of our allies, but by the civilian population as well. The Railroad Administration has a traffic representative with the War Industries Board, the War Department, the Navy Department, the Shipping Board, the Food Administration, and the Fuel Administration. Traffic questions having to do with these organizations are handled by these Railroad Administration representatives. Another example of coöperation has been the creation and operation of the Exports Control Committee, of which a representative of the Railroad Administration is Chairman, and on which serve representatives of other government agencies interested in export problems. The duty of this committee is to so control traffic as to avoid congestion at export points.

In addition to the railroads under the control of the Director General there are a number of coastwise steamship lines including the vessels of the Clyde Steamship Company, the Mallory Steamship Company, the Merchants and Miners Transportation Company, and the Southern Steamship Company. Successful efforts have been made to synchronize the operation of these lines with the operation of the railroads of the nation in the carrying of freight and passengers.

On September 3 the Director General of Railroads made a report to the President on the work of the United States Railroad Administration for the first seven months of its existence, and in that report details were given of the way the

multiplex problems which have arisen have been solved. In general, a conservative view at the present time is that the primary work of changing from many railroad systems into one system has already been accomplished. As time goes on, improvements and changes may be expected. The organization for carrying forward this vitally important part of the war endeavor of America is now at hand. For it to forge forward only needs intensive work on the part of all members of the great organization from top to bottom, and a constant study of the possibility of reforms as well as the execution of plans already made.

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THE BEHAVIORISTIC MAN

A NEW kind of an economic man has been, or is in process of being, constructed by what is known as the behavioristic school of economists. He is the result of an over-emphasis upon the non-pecuniary and the neglect or under-emphasis upon the pecuniary motives, as the old economic man was the result of the opposite tendencies.

There can be no doubt that men have many instincts and impulses which ally them with the bower bird who contrives, the beavers who construct, the bees and squirrels who accumulate, and all gregarious creatures who work together without thought of pecuniary gains and losses, and without calculating and balancing costs and advantages of any kind. We must all acknowledge the importance of a study of the instinctive and impulsive reactions in economic life, and admit the charge that too little attention has been given to them by economists. On the other hand, a counter charge can be made with equal effect and with equal justice against the so-called behaviorists. There are three counts in this charge.

1. They fail to see that the so-called orthodox economists have made ample allowance for these instincts, impulses and